Supreme Court, U.S.
FILED
95 734 NOV 1 - 1995
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No.

IN THE

Supreme Court of the United States

October Term, 1995

DONALDSON COMPANY, INC.

Petitioner,

v.

NELSON INDUSTRIES, INC.

Respondent.

On Petition for Writ Of Certiorari
To The Court of Appeals for the Federal Circuit

PETITION FOR WRIT OF CERTIORARI

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November 1, 1995

QUESTIONS PRESENTED

(1) Where the Patent Act provides that "[e]ach claim of a patent . . . shall be presumed valid independently of the validity of other claims . . . ," does a district court violate a patent holder's due process rights by entering judgment that all forty claims of a patent are invalid even though a jury only found two claims of the patent to be invalid.

(2) Whether an Appeals Court may summarily affirm a district court judgment so as to effectively extend prior precedent to dramatically different facts, without rendering an opinion to provide guidance regarding its reasoning.

PARTIES TO THE PROCEEDING

All of the parties to the proceeding in the District Court and in the Court of Appeals are listed in the caption of the case. Pursuant to Supreme Court Rule 29.6, Donaldson states that it has no parents, subsidiaries (except wholly owned subsidiaries), or affiliates which are publicly owned.

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PETITION FOR WRIT OF CERTIORARI

Donaldson Company, Inc. ("Donaldson") respectfully petitions that a writ of certiorari issue to review the decision of the United States Court of Appeals for the Federal Circuit in the above-captioned proceeding.

PREVIOUS OPINIONS IN THE CASE

The district court's judgment is reprinted at Appendix ("App.") p. A-2. The district court's Memorandum and Order is unpublished and is reprinted at App. pp. A-3 to A-16. The Court of Appeals for the Federal Circuit entered Judgment without a written opinion summarily affirming the district court under its Circuit Rule 36. App. p. A-1.

JURISDICTION

The district court had jurisdiction based on 28 U.S.C. § 1338(a) and 28 U.S.C. § 2201. The Court of Appeals had jurisdiction based on 28 U.S.C. § 1295(a)(1). The judgment of the Court of Appeals was entered on August 3, 1995. This Court has jurisdiction to entertain the present petition under 28 U.S.C. § 1254(1).

STATUTES INVOLVED

1. U.S. CONST. Amendment V.

> No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offence to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be witness against himself; nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

2. 35 U.S.C. § 282 (first paragraph).

> A patent shall be presumed valid. Each claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims; dependent or multiple dependent claims shall be presumed valid even though dependent upon an invalid claim. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.

STATEMENT OF THE CASE

This case is on petition for appeal from a judgment, without opinion, by the Court of Appeals for the Federal Circuit affirming the judgment entered by the Western District of Wisconsin following a jury trial. The jury found that claims 11 and 24 of Donaldson Company's ("Donaldson") U.S. Patent No. 4,929,292 ("Donaldson's patent" or "the patent") were invalid and that Nelson Industries, Inc. ("Nelson") did not infringe certain claims of Donaldson's patent. Even though the jury only found claims 11 and 24 to be invalid, the district court entered judgment that all forty claims of Donaldson's patent were invalid.

Donaldson's patent has forty claims, including two independent claims, claims 11 and 24, and a number of "dependent" claims depending directly or indirectly from those claims.[1] While claims 11 and 24 relate to the broader concepts of Donaldson's patented design, the dependent claims are directed to more specific features of Donaldson's invention.

The litigation began when Nelson filed a declaratory judgment action in the Western District of Wisconsin seeking a declaration that the Donaldson patent was invalid in its entirety. The case was tried to a jury in four days. During the trial, Nelson concentrated on

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[1]That a claim is "dependent" in a patent merely means that, as a shorthand way of writing the claim, the claim refers to and incorporates the limitations of one or more other claims in the patent.

attacking the validity of only claims 11 and 24. Nelson presented little to no evidence regarding the validity of the remaining claims of Donaldson's patent.

During the course of the trial, there were a number of discussions regarding the form of the special verdict to be given to the jury. Nelson proposed that the jury answer a single question asking whether Donaldson's patent in its entirety is valid or invalid. Donaldson, on the other hand, sought to limit the number of claims that could be invalidated. Donaldson proposed a special verdict form that separately listed in the validity question each claim that Donaldson asserted was infringed.[2]

On the final morning of trial, the trial judge attempted to reach an agreement on the form of the validity question in the special verdict. The court suggested, and the parties agreed, that the validity question would only include claims 11 and 24; the jury would not be asked to decide the validity of any other claims in Donaldson's patent. The discussion in the conference was as follows:

THE COURT: Yesterday the Court distributed upon our adjournment a proposed special verdict as well as the proposed amended substantive instructions. At this time the Court will call upon the parties to discuss their continuing concerns and/or objections. Ms. Welch, on behalf of the plaintiff?

[NELSON]: With respect to the special verdict form, Your Honor, we have no further objection except to restate that we object to the form of Question 1, of breaking out the claims.

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[2]Donaldson only asserted that claim 24 and certain of its dependent claims were infringed. The district court also allowed Nelson to attack the validity of claim 11. Thus, neither claims 12-23 depending from claim 11 nor the claims depending from 24 not asserted to be infringed were subject to attack by Nelson.

THE COURT: The Court also wishes that it could resolve the matter in some other way, but its reading of the citations would suggest otherwise. The Court thought we could probably just do 11 and 24, quite frankly, but believe that neither party would be enamored with that idea, and —

[NELSON]: Your Honor, we would accept that.

THE COURT: Defendant?

[DONALDSON]: That's for Question Number 1?

THE COURT: Yes.

[NELSON]: Yes.

[DONALDSON]: All right. That would be all right.

THE COURT: Well, there has to be as I understand it, a specific stipulation for so doing, and if that indeed is the stipulation, that was the Court's alternative which it had prepared and then it found this case in 1993 which says better not do that unless the parties stipulate, and if you stipulate, we can do it.

[NELSON]: Plaintiff will so stipulate, Your Honor.

[DONALDSON]: We would stipulate that paragraph 1 could only refer to 11 and 24.

THE COURT: So ordered.

The jury returned a verdict finding claims 11 and 24 invalid. After the verdict was read, the district court announced that it was entering judgment that Donaldson's entire patent was invalid. Thus, in addition to declaring claims 11 and 24 invalid, the district court also declared claims 12-23 and 25-50 of Donaldson's patent invalid based solely on the jury's determination as to claims 11 and 24. Donaldson immediately objected that only claims 11 and 24 were submitted to the jury and that the remaining claims of the patent remained valid. The district court ruled that, based on Donaldson's oral agreement to include only claims 11 and 24 in the validity question, Donaldson had agreed that the validity of each and every one of the forty claims of Donaldson's patent would be determined by the jury's decision on those two claims.

Donaldson appealed to the Court of Appeals for the Federal Circuit. The Appeals Court affirmed, without opinion, the district court's entry of judgment that all of the claims of Donaldson's patent were found invalid, pursuant to its Circuit Rule 36.

REASONS FOR GRANTING THE WRIT

I. THE DISTRICT COURT'S ENTRY OF JUDGMENT THAT ALL FORTY CLAIMS OF DONALDSON'S PATENT ARE INVALID WHEN THE JURY ONLY DECIDED THAT TWO CLAIMS WERE INVALID DEPRIVED DONALDSON OF ITS INTELLECTUAL PROPERTY RIGHTS WITHOUT DUE PROCESS OF LAW

The Due Process Clause of the Fifth Amendment assures that an individual will be afforded adequate procedural safeguards before a constitutional deprivation occurs. *Mathews v. Eldridge*, 424 U.S. 319, 335 (1976). In *Mathews*, 424 U.S. at 334-35, this Court established a two-step analysis for determining whether an individual's due process rights have been violated: first, a court must determine whether the government has deprived an individual of a constitutionally protected interest — life, liberty, or property; and, second, a court must determine whether the procedures afforded to the individual attendant upon the deprivation were constitutionally sufficient.

A. Donaldson Was Deprived Of Property

It is well established that patent rights are property within the meaning of the Due Process Clause. 35 U.S.C. § 261 provides that patents have all the attributes of personal property, including transferability. Moreover, the right to exclude, which is the heart of the patent right, is the very definition of property. *In re Etter*, 756 F.2d 852, 225 USPQ 1 (Fed. Cir.), *cert. denied*, 474 U.S. 828 (1985).

Each claim of a patent is a separate property right. A patent includes "one or more claims particularly pointing out and distinctly claiming the subject matter which an applicant regards as his invention." 35 U.S.C. § 112 ¶ 2. Claims of the same patent are presumed to differ in scope, *Tandon Corp. v. U.S. Int'l Trade Comm'n*, 831 F.2d 1017, 1023, 4 USPQ2d 1283, 1288 (Fed. Cir. 1987), and therefore each claim defines a unique invention for which the patentee has the right to exclude others from making, using or selling. 35 U.S.C. § 271. It follows, therefore, that each claim of a patent is a separate property interest protected by the Due Process Clause of the Fifth Amendment.

A related protected property interest is the right to have the validity of each claim of a patent independently adjudicated. Each claim of a patent is presumed valid independently of the validity of the other claims. 35 U.S.C. § 282; *Wahpeton Canvas Co., Inc. v. Frontier, Inc.*, 870 F.2d 1546, 1552 n.10, 10 USPQ2d 1201, 1207 n.10 (Fed. Cir. 1989). One attacking the validity of a particular claim must overcome this presumption of validity by proving by clear and convincing evidence that that claim is invalid. *Electro Medical Systems, S.A. v. Cooper Life Sciences, Inc.*, 34 F.3d 1048, 1052, 32 USPQ2d 1017, 1019 (Fed. Cir. 1994). In the present case, because the jury was to make the validity determination, the right to independent adjudication further implicates Seventh Amendment interests.

Thus, by entering judgment that Donaldson's entire patent was invalid when the jury only found two of the forty claims of the patent invalid, the district court deprived Donaldson of protected property rights.

B. Donaldson Was Deprived Of Its Property Rights Without The Adequate Procedural Safeguards Required By Due Process

At a minimum, due process requires that an adjudication of an individual's property interest be preceded by notice that the individual's property rights are at risk of being taken and an opportunity to be heard in a meaningful manner.[3] *Mullane v. Central Hanover Bank & Trust Co.*, 339 U.S. 306, 313 (1950).

Donaldson was not given notice that the unsubmitted claims of its patent were at risk of being invalidated or that it was giving up its right to have the validity of each asserted claim separately decided by the jury. The record establishes that the parties, after objecting to each other's proposed special verdict forms, agreed to submit only claims 11 and 24 to the jury for a validity determination. However, an agreement to submit fewer than all the claims of a patent for a validity determination does not constitute an agreement, and thus is insufficient in itself to put Donaldson on notice, that all the remaining claims of its patent would stand or fall on the outcome of the submitted claims.

Notice *would* have been adequate had the parties during litigation stipulated that the validity of the remaining claims stands or falls on the validity of submitted claims 11 and 24. *See Miles Labs., Inc. v. Shandon Inc.*, 997 F.2d 870, 227 USPQ2d 1123 (1993), *cert. denied*, 494 U.S. 814 (1994); *Panduit Corp. v. Dennison Mfg. Co.*, 836 F.2d 1329, 5 USPQ2d 1266 (Fed. Cir. 1987). A stipulation under *Miles Laboratories* and *Panduit*, however, requires that both parties clearly understand that the outcome of the representative claims will be the outcome on all the claims. The stipulations in *Miles Labo-*

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[3]The issue of adequate notice under the Due Process Clause typically arises in the context of a party not being notified in a timely manner that his property rights are at stake in a judicial proceeding. *See, e.g., Green v. Lindsey*, 456 U.S. 444 (1982) (failure to give tenants adequate notice of eviction proceedings). There is little difference, however, between failing to timely notify an individual of a judicial proceeding and failing to notify an individual already involved in a suit that resolution as to one piece of property will also affect other separate pieces of property. In both cases, the individual is unaware that a separately identifiable property interest is subject to a potential deprivation.

ratories and *Panduit* put the patentee on notice that the unsubmitted claims were at issue. In *Panduit*, counsel had prepared and agreed to a written "First Judgment Order" which stated that certain claims "are *representative* claims of the respective patents, and the resolution of the issues with respect to a representative claim of a patent is a resolution *with respect to all asserted claims of that patent*." *Panduit*, 836 F.2d at 1330, 5 USPQ2d at 1267 (emphasis added). In *Miles Laboratories*, the parties entered into a written stipulation which read: "Claim 1 is the broadest claim and can be considered to be *representative* of the claims in this patent." *Miles Labs.*, 997 F.2d at 879, 27 USPQ2d at 1129 (emphasis added).

The procedural safeguards employed in *Panduit* and *Miles Laboratories* to provide adequate notice to the patent owner were not present in this case. Donaldson had no basis for knowing that the court intended that the stipulation would serve to bind all claims to the same fate as the claims submitted to the jury; neither the court nor the parties ever discussed that the remaining claims would stand or fall on the outcome of claims 11 and 24, or ever mentioned that claims 11 and 24 were "representative." Donaldson's only stipulation was "that [the validity question] could only refer to [claims] 11 and 24."

If the district court had informed Donaldson that it was seeking a stipulation that claims 11 and 24 would represent all of the claims in the patent, Donaldson would have refused. The central issue in this case was the validity of the claims of Donaldson's patent. Through its declaratory judgment action, Nelson sought to invalidate all of the claims of the patent. Donaldson, on the other hand, sought to minimize the number of claims at risk of being invalidated. Consistent with this intent, Donaldson argued that Nelson could not attack the validity of every claim because the issue of validity was limited solely to those claims which Donaldson asserted were infringed. In addition, Donaldson sought a validity question in the special verdict form which listed each claim separately, as opposed to merely asking whether the patent as a whole is invalid, in order to force Nelson to separately prove the invalidity of each presumptively valid claim of Donaldson's patent.

Simply put, there was absolutely no incentive for Donaldson to agree that claims 11 and 24 were representative claims which would bind the other claims. Agreeing that claims 11 and 24 were represen-

tative would have allowed the jury to decide the validity of the narrower (i.e., harder to invalidate) dependent claims based on its determination on the broader (i.e., easier to invalidate) independent claims 11 and 24. Moreover, this would have even placed at risk all of the claims which Donaldson did not assert to be infringed.

That Donaldson was not afforded sufficient procedural safeguards is supported by the modern due process analysis, which balances three factors: the private interest at stake; the potential contribution of additional or substitute procedural safeguards to preventing erroneous decisions; and the government's interest in avoiding the burden of additional process. *Mathews*, 424 U.S. at 335. First, the value of Donaldson's affected property, the claims of its patent that were not submitted to the jury, is considerable — those claims define important patent rights owned by Donaldson. Second, the simple added procedural safeguard of requiring explicit notice that submitted claims are "representative" of all claims (or similar language) would have eliminated the unjust result we have here. Third, the administrative cost of requiring explicit notice would have been minimal. Accordingly, all three factors support that Donaldson was deprived of adequate process in violation of its due process rights.

The district court's destruction of Donaldson's intellectual property rights without adequate due process raises a serious federal question that merits review by this Court.

II. THE LAW CREATED BY THIS CASE IS DIRECTLY CONTRARY TO THE PATENT ACT

The effect of the Court of Appeals' ruling is to suggest that the strikingly different facts of this case fall within the precedent of *Miles Laboratories* and *Panduit*. In those cases, the Federal Circuit acknowledged a *narrow exception* to the general rule of 35 U.S.C. § 282 that each claim of a patent stands or falls independently: when parties during litigation explicitly stipulate that certain claims will be *representative of all the claims in a patent*, or words to that effect. By contrast, in this case there was no mention whatsoever that claims 11 and 24 were "representative" or that the outcome of all claims would be determined by the outcome on those claims. Nevertheless, the district court, based on the jury's finding that claims 11 and 24 were invalid, entered judgment that Donaldson's entire patent was invalid. The Federal Circuit, by affirming the district court's judg-

ment, has thus effectively endorsed an unjustifiable extension of its precedent.

The ruling creates an uncertainty in the law. According to 35 U.S.C. § 282, a patent claim is only invalid if there is a specific adjudication finding it invalid. Under the law of this case, however, all the claims of a patent can be invalidated based solely on a ruling that different claims of the patent are invalid. Accordingly, a patentee can never agree to submit a limited number of claims for a validity determination without risking the validity of the entire patent.

III. THE FEDERAL CIRCUIT SHOULD NOT HAVE DISPOSED OF THIS CASE UNDER ITS CIRCUIT RULE 36

The Federal Circuit, by failing to issue any opinion in this case, "has so far departed from the accepted and usual course of judicial proceedings . . . as to call for an exercise of this Court's power of supervision." SUP. CT. R. 10.1(a).

This was not an appropriate case to be decided without opinion under Federal Circuit Rule 36 because a written opinion regarding the district court's judgment would have had precedential value. *See* FED. APP. P. 36 (The Federal Circuit may enter judgment without opinion only when "an opinion would have no precedential value"). The district court determined that a *Miles Laboratories/Panduit*-type stipulation was made even though the language used in those cases, or its equivalent, was not used. A written opinion from the Federal Circuit would provide future guidance regarding what is required to obtain a stipulation to representative claims. As the final arbiter of all patent matters, the Federal Circuit has the unique responsibility of supervising the actions of the district courts in patent cases. Accordingly, Rule 36 should not be used in cases such as this, where a written opinion would be of precedential value.

By failing to provide guidance to the district courts, the Federal Circuit has abdicated its responsibility in this case, leaving that obligation to this Court. This Court should therefore exercise its supervisory power and grant plenary review or, in the alternative, "grant the petition for certiorari, vacate the judgment, and remand the case to the Court of Appeals." *Dennison Mfg. Co. v. Panduit Corp.*, 475 U.S. 809 (1986).

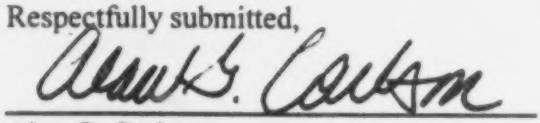
CONCLUSION

This petition raises serious Constitutional and precedential issues regarding the notice that should be afforded a patentee before important intellectual property rights can be extinguished.

Thirty-eight of the forty claims in Donaldson's patent were invalidated by the district court without giving Donaldson adequate notice that those claims were at risk. This violated Donaldson's due process rights. The Federal Circuit then improperly affirmed the district court's judgment without providing an opinion explaining how the inequitable result in this case can be justified in view of its prior precedent.

For all of the reasons set forth herein, Donaldson respectfully requests that the Court issue a writ of certiorari to review the judgment of the Court of Appeals for the Federal Circuit.

Respectfully submitted,



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NOTE: Pursuant to Fed. Cir. R. 47.6, this disposition is not citable as precedent. It is a public record. The disposition will appear in tables published periodically.

United States Court of Appeals for the Federal Circuit

95-1082

NELSON INDUSTRIES, INC.

Plaintiff-Appellee,

v.

DONALDSON COMPANY, INC.

Defendant-Appellant.

Judgment

ON APPEAL from the UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WISCONSIN

in CASE NO(S). 93-C-368

This *CAUSE* having been heard and considered, it is

ORDERED and ADJUDGED:

Per Curiam (NIES, MICHEL, SCHALL, Circuit Judges).

AFFIRMED. See Fed. Cir. R. 36.

ENTERED BY ORDER OF THE COURT

DATED Aug. 3, 1995

s/ _____
Francis X. Gindhart, Clerk

FILED
U.S. COURT OF APPEALS FOR
THE FEDERAL CIRCUIT
AUG. 3, 1995
FRANCIS X. GINDHART
CLERK

United States District Court

WESTERN DISTRICT OF WISCONSIN

AMENDED
JUDGMENT IN A CIVIL CASE

NELSON INDUSTRIES, INC.

v.

DONALDSON COMPANY, INC.

CASE NUMBER: 93-C-368-S

☒ **Jury Verdict.** This action came before the Court for a trial by jury. The issues have been tried and the jury has rendered its verdict.

☐ **Decision by Court.** This action came to trail or hearing before the Court. The issues have been tried or heard and a decision has been rendered.

IT IS ORDERED AND ADJUDGED that amended judgment is entered effective May 16, 1994 in favor of plaintiff Nelson Industries, Inc. against Donaldson Company, Inc. wherein United States Patent No. 4,720,292 (B1 4,720,292/B2 4,720,292) is invalid; further that plaintiff Nelson Industries, Inc.'s Air Filter Element does not infringe United States Patent No. 4,720,292 (B1 4,720,292/B2 4,720,292) and that defendant's counterclaim is DISMISSED with prejudice, all together with costs.

APPROVED AS TO FORM:
this 24th day of June, 1994.
s/_____
JOHN C. SHABAZ
District Judge
Date June 24, 1994

Copy of this document has been provided to Attys Cole & Hildebrand this 24th day of June, 1994
By s/_____
C. Wilson, Deputy Clerk

s/_____
Clerk (Signature illegible)

_____
(By) Deputy Clerk

IN THE UNITED STATES DISTRICT COURT

FOR THE WESTERN DISTRICT OF WISCONSIN

NELSON INDUSTRIES,

Plaintiff,

v.

DONALDSON COMPANY,

Defendant.

MEMORANDUM AND ORDER

93-C-368-S

Plaintiff Nelson Industries, Inc. commenced this action for declaratory judgment that defendant Donaldson Company, Inc's United States patent number 4,929,292 for a radial seal air filter is invalid, unenforceable, and not infringed by its air filter element. Defendant counterclaimed for infringement.

At the conclusion of the liability phase of trial the jury returned a special verdict finding defendant's patent invalid and not infringed. Judgment was entered accordingly. Defendant now renews its motions for judgment as a matter of law on the issues of validity and infringement pursuant to Rule 50, Fed. R. Civ. P. Alternatively, defendant seeks a new trial pursuant to Rule 59(a) or amendment of the judgment pursuant to Rule 59(e).

MEMORANDUM

This court may grant judgment as a matter of law pursuant to Rule 50 if "there is no legally sufficient evidentiary basis" for a reasonable jury to find for a party on the particular issue in question. In general, this standard requires that there be substantial evidence in the record to support the verdict. DMI, Inc. v. Deere & Co., 802 F.2d 421, 425, (Fed. Cir. 1986). Substantial evidence is such relevant evidence taken from the record as a whole as might be accepted by a reasonable mind as adequate to support the finding under review. Perkin-Elmer Corp. v. Computervision Corp., 732 F.2d 888, 893 (Fed. Cir. 1984). Where, as in this case, the matter is submitted to the jury as a legal question, the jury answers necessarily resolve the underlying factual issues which are reviewed under the

substantial evidence standard. Quaker City Gear Works, Inc. v. Skil Corp., 747 F.2d 1446, 1453 (Fed. Cir. 1984).

In considering whether there is substantial evidence to support the jury verdict, the court considers all evidence in the light most favorable to the nonmovant, does not determine the credibility of witnesses and draws inferences most favorable to the nonmovant. DMI, Inc., 802 F.2d at 425. In ruling on a motion for judgment as a matter of law, the court must necessarily consider the substantive evidentiary standard of proof applicable for the issue for which the motion is made. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 252. While the court must give deference to the jury's findings of fact in ruling on a Rule 50 motion, it decides issues of law de novo. This is true regardless of whether the special verdict sought the answers to the ultimate legal issue from the jury. Senmed, Inc. v. Richard-Allan Medical Industries, Inc., 888 F.2d 815, 818 (Fed. Cir. 1989); Newell Cos. v. Kenney Mfg. Co., 864 F.2d 757, 765 (Fed. Cir. 1988).

A motion for new trial pursuant to Rule 59 may be granted where the verdict is against the weight of the evidence or the trial was not fair to the moving party for some other reason. Forrester v. White, 846 F.2d 29, 31 (7th Cir. 1988). In considering whether the trial was fair, the court may also consider questions of law arising from substantial errors in the admission or rejection of evidence or the giving or refusing to give instructions. 21 Charles A. Wright & Arthur C. Miller, Federal Practice and Procedure, §2805 (1973).

Applying these standards, the court now considers each of the motions advanced by the defendant.

Judgment as a Matter of Law -- Validity

The fundamental factual considerations involved in the determination of obviousness were established by the United States Supreme Court in Graham v. John Deere Co., 383 U.S. 1, 18 (1966):

> Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background the obviousness or nonobviousness of the subject matter is determined. Such secondary consider-

> ations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented. As indicia of obviousness or nonobviousness, these inquiries may have relevancy.

In addition, defendant benefits from a presumption of nonobviousness codified at 35 U.S.C. § 282 which imposes a constant burden upon the plaintiff to prove obviousness by clear and convincing evidence. Structural Rubber Products Co. v. Park Rubber Co., 749 F.2d 707, 714 (Fed. Cir. 1984). In addition,

> Deference is due the Patent and Trademark Office decision to issue the patent with respect to evidence bearing on validity which it considered but no such deference is due with respect to evidence it did not consider. All evidence bearing on the validity issue, whether considered by the PTO or not, is to be taken into account by the tribunal in which validity is attacked.

Id.

The jury, having been instructed in each of these matters in accordance with the law, including the clear and convincing standard and the deference owed to the Patent Office, concluded that the invention of the '292 patent was obvious. The court now considers whether the evidence brought forth at trial, considered in the light most favorable to the plaintiff, was sufficient to sustain this determination by the jury.

Defendant's position is that there were no genuine factual disputes as to any of the issues appropriate for consideration by the jury in its determination of obviousness. To the extent there were factual disputes, defendant asserts that they were plainly insufficient to overcome the clear and convincing standard and the deference due to the Patent Office. The court finds to the contrary that substantial evidence was brought forth for several of these issues raising factual disputes which, if resolved in plaintiff's favor, amply justify the verdict.

While there was no dispute concerning what comprised prior art, there was substantial dispute and evidence directed to the differences between the claimed invention and prior art as well as the knowledge which would have been possessed by one of ordinary skill in the art. One of the plaintiff's principal evidentiary presentations related to the Tecumseh air filter. Plaintiff's experts testified that the Tecumseh air filter was so close to the patented invention as to nearly anticipate it. At trial one of the principal features asserted by defendant as a difference between its invention as the Tecumseh filter was the presence of an inner liner. However, plaintiff's expert Khosropour as well as other witnesses testified to the routine use of inner liners by those ordinarily skilled in the art and, in fact, Robert Schenck, designer of the Tecumseh air filter testified that he originally designed the filter with an inner liner.

Similarly, the testimony at trial created a substantial dispute over the significance of the difference in durometer of prior art end caps from the end cap of the patented invention. Several of the plaintiff's employees testified that the use of polyurethane end caps was well known prior to 1980 and that the durometer of the end cap was largely a designer choice. Based upon this evidence, a jury could have determined as a matter of fact that the differences between the prior art and the defendant's invention were minor and that the combination of the prior known elements would have been obvious to those of ordinary skill in the art.

There was also a substantial evidentiary clash involving secondary considerations. While defendant brought forth evidence of commercial success, this evidence was challenged by plaintiff's expert Dr. Christensen, who testified that Donaldson had a low gross profit for radial seal air filters. Perhaps the most persuasive secondary evidence involved the testimony of plaintiff's employee Connor. Connor testified that he designed the "Yamaha air filter" which incorporated virtually identical design features as the patented invention, prior to having any knowledge of defendant's invention or its patent application. If the jury accepted Connor's testimony, it was powerful secondary evidence of obviousness since it objectively demonstrated that one ordinarily skilled in the art would have known to combine the elements in plaintiff's invention.

Considered as a whole, this evidence was sufficient to overcome the presumption of validity. It was also sufficient to overcome

the deference due the patent examiner. Several important pieces of evidence relied upon by the plaintiff to establish obviousness were not available for consideration by the patent examiner. Specifically, the patent examiner did not have access to a Tecumseh filter but only to pictures and a manual. Plaintiff's experts testified that this information was insufficient to enable the examiner to observe the similarities between the two filters. In addition, the patent examiner did not have before him any of the secondary evidence of obviousness including specifically the nearly contemporaneous development of the Yamaha filter by plaintiff's employee.

Accordingly, defendant's motion for judgment as a matter of law on the issue of obviousness must be denied.

Judgment as a Matter of Law -- Infringement.

Defendant's motion for judgment as a matter of law on the issue of infringement raises the same arguments which were considered and rejected by the court in its summary judgment memorandum. The essence of defendant's position is that as a matter of law Claim 24 does not require an exclusive radial seal or a separable outlet member. Defendant urges that prosecution history and expert testimony cannot be the source of the additional limitations not expressly found in the claim itself.

In its memorandum and order of May 2, 1994, this court examined the prosecution history and the proposed expert testimony to be offered at trial. The court then described the law applicable to claim interpretation as follows:

> Notwithstanding its characterization as an issue of law the construction of a claim may, and frequently does, involve the consideration of numerous facts and resolution of factual disputes.
>
> > A disputed issue of fact may, of course, arise in connection with an interpretation of a term in a claim if there is a genuine evidentiary conflict created by the underlying probative evidence pertinent to the claim's interpretation. Moeller v. Ionetics, Inc., 794 F.2d 653, 657 (Fed. Cir. 1986).

> Among the intrinsic evidence which is routinely examined in construing claims are the specification, prosecution history, relevant prior art and expert testimony on the meaning of claims. Id. at 656-57. Expert testimony is particularly relevant extrinsic evidence since a court is required to interpret claims as they would be interpreted by one skilled in the art. Id.

Memorandums and Order at pages 12-13. The evidence presented at trial was essentially that anticipated in the Memorandum and Order. Since the Court continues to believe that its statement of the law was correct, it follows that the Rule 50 motion must be denied.

Stiftung v. Renishaw PLC, 945 F.2d 1173 (Fed. Cir. 1991) is analogous to this case and demonstrates propriety of considering extrinsic evidence in determining whether a claimed element is intended to be the exclusive means for accomplishing an objective. Stiftung considered a patent involving a coordinate measuring machine, a device for accurately measuring the dimensions of objects. The language of the patent claim provided that "said device and an object are moveable relative to each other for providing a signal when said stylus engages said object thereby indicating the position thereof." The district court found that an alleged infringing device which sent a signal by a component of the device other than the stylus did not infringe the patent since the stylus was intended to be the exclusive means for sending the signal.

The federal circuit, reversing the district court, ruled as follows:

> As the district court recognized, in interpreting a claim of a patent, a court may properly look to a patent's specification, to the prosecution history of the patent, and to other claims in the patent.

Id. at 1177. The court then examined the specification, other patent claims and prosecution history and found "there is no suggestion in the specification, prosecution history, or other claims that such a limitation is intended." Stiftung thus sanctioned and required the

examination of the prosecution history to determine if an unexpressed limitation was intended by the applicant.

In this case there is ample evidence in the prosecution history that such a limitation was intended, particularly as it concerns the radial seal. During each phase of the patent prosecution defendant sought to distinguish its patent from prior art arguing that the patent's principal benefits arose from the fact that an exclusive radial seal, which eliminated the need for axial compression, permitted a lighter weight, less expensive housing thereby achieving advantages over the prior art. Plaintiff's experts testified based upon this evidence that the proper interpretation of the claim included the limitation of an exclusive radial seal. There was further testimony that the primary seal in plaintiff's allegedly infringing filter was an axial seal which required axial compression. Based upon this evidence, the jury could properly have determined that the filter into which plaintiff's element was incorporated did not infringe defendant's patent.

Motion for New Trial

Defendant suggests that the Court committed four errors at trial which individually and in combination entitle it to a new trial. In addition, defendant argues independently that it is entitled to a new trial on the issue of infringement based upon the Court's response to a jury question. The Court first addresses the alleged four errors.

The first claimed error involves argument by plaintiff's counsel which defendant characterizes as an assertion of inequitable conduct by defendant before the Patent Office. The Court finds that the argument was properly directed to issues before the jury and would not in any way have suggested the doctrine of inequitable conduct to the jury. Although plaintiff originally advanced an inequitable conduct claim, it was dismissed by the Court on summary judgment. Accordingly, the jury was not instructed on inequitable conduct nor was that phrase brought to the jury's attention.

Plaintiff's counsel argued at trial that the evidence defendant provided to the patent examiner concerning the Tecumseh filter was insufficient for the patent examiner to properly assess its relevance. Specifically, plaintiff's counsel argued that if the patent examiner

had been presented with an actual Tecumseh filter, it would have been apparent to his that the radial seal arrangement of that filter rendered plaintiff's patent obvious. He further argued that such a determination could not be made merely by viewing the pictures and manual of the filter provided by defendant's counsel. This argument was entirely appropriate and relevant to the issue of obviousness. The jury had been instructed to presume "that the Patent Office acted correctly in interpreting the prior art before it and issuing the patent." Counsel's argument was no doubt calculated to overcome this presumption by showing that the patent examiner did not have the full benefit of the Tecumseh filter prior art. This argument was entirely appropriate in light of defendant's continuing reliance upon the presumption and its assertion that the prior art considered by the patent examiner was identical to that presented to the jury.

The second error asserted by the defendant was the failure of the Court to provide documents 648 and 648a to the jury after the jury requested them. The Court declined to submit these documents to the jury on the basis that the redaction contained in document 648a would result in confusion which outweighed the probative value of the exhibit. It is also clear that the failure to provide these exhibits to the jury in no way prejudiced the defendant's ability to effectively argue that plaintiff's allegedly infringing filter was obtained by copying. Enlarged copies of both exhibits were presented to the jury during the examination of plaintiff's expert Khosropour. Defendant's counsel extensively explored the copying issue with Khosropour directly impeaching him with the language of Exhibit 648 which the jury viewed at the time. Accordingly, there is no reason to believe that the jury's further review of these documents would have had any impact on its verdict. The third error asserted was the admission of the Yamaha filter mockup. Plaintiff's employee Connor offered extensive testimony at trial that he had independently developed the Yamaha filter after the filing of the '292 patent application but prior to its issuance and without any knowledge thereof. The engineering drawings from which the model filter was made were admitted without objection as was his testimony on the development of the filter and the foundation for the drawings. There is no real issue that the model was true to the engineering drawings and therefore accurately represented the independent development of Connor. Accordingly, the Yamaha model was a useful tool for the

jury to compare the patented invention to the allegedly contemporaneously developed filter. It was offered as objective evidence of nonobviousness since, if Connor's testimony was believed by the jury, it showed that Connor, relying only upon prior art and his ordinary skill had developed a filter nearly identical to defendant's patented invention.

In view of the extensive testimony by Connor concerning the timing of his development of the filter, there is little merit to defendant's argument that the jury confused the Yamaha model for prior art. There is nothing to suggest that the jury would have been so misled. It was clear that the model was not prior art but was offered only as a nearly contemporaneous development which objectively tended to show that the invention was obvious. Accordingly, the Court did not err in its ruling to admit the Yamaha model.

The final error asserted by the defendant was the refusal by the Court to submit to the jury an instruction entitled "Presumption of validity as it relates to patents already cited to the Patent and Trademark Office." The court finds that the refusal to give this instruction was appropriate and that the acceptance of this proposed instruction would have been improper for several reasons. First, the court had already instructed the jury in its "standards of proof" instructions as follows:

> In considering the claim of invalidity of the patent, the law presumes the patent in question to be valid, in the absence of clear and convincing evidence to the contrary, and presumes further that the Patent Office acted correctly in interpreting the prior art before it and issuing the patent.

Defendant's proposed instruction adds nothing substantive to that already provided by the Court. Rather, it repeats the law set forth in that instruction in a way that would unduly emphasize one aspect of the law applicable to the case. Second, the instruction proffered by the defendant was likely to lead the jury to believe that there was a heightened burden which plaintiff was required to overcome under circumstances where no new prior art is provided at trial. The Federal Circuit has expressly rejected any contention that the burden of proof shifts or changes depending upon the prior art

presented. American Hoist and Derrick Co. v. Sowa & Sons, Inc., 725 F.2d 1350, 1360 (Fed. Cir. 1984). Finally, providing this instruction to the jury would have left it with the impression that the Court had determined that no evidence of additional prior art had been presented. Because this was a question of fact, particularly in light of the Tecumseh filter testimony, it would have been inappropriate for the court to leave the jury with such an impression.

In conclusion, the instruction proffered by the defendant amounted to little more than argument on its behalf which would have unfairly distorted the Court's instructions on the burden of proof. A party is not entitled to have read to the jury all language it finds helpful in a circuit court opinion. The court finds that the instruction provided on standard of proof was the appropriate instruction.

New Trial -- Infringement

Defendant independently seeks a new trial on the issue of infringement based upon an interaction that occurred during the jury's deliberations. The special verdict provided to the jury provided in part as follows:

> 1. Are the following claims of defendant's U.S. Patent No. 4,720,292 invalid for obviousness? (Answer yes or no as to each).
>
> Claim 11 _____ Claim 24 _____
>
> 2. Does the Siemans air filter infringe the following claims of defendant's U.S. Patent No. 4,720,292? (Answer yes or no as to each) . . .

After several hours of deliberation, the jury submitted a question to the Court as follows:

> Do we assume that the patent is valid or invalid for Question 2 regardless of our answer in Question 1? Please clarify Question 2 as it relates to either a negative or positive answer to Question 1.

In response to the jury's question a conference attended by both counsel was held. The following discussion occurred at that conference:

> The Court: I'll hear the plaintiff's suggestion.
>
> Mr. Cole: I think, your Honor, Mr. Carlson and I both agree that the only answer can be given is, "Regardless of how you've answered Question 1, please answer Question 2."
>
> The Court: That's the only answer?
>
> Mr. Carlson: Yes.
>
> The Court: "Members of the jury, regardless of how you answered Question 1, you are to answer Question 2."
>
> Mr. Cole: Yes.
>
> The Court: Mr. Carlson?
>
> Mr. Carlson: Yes. It is possible that for Claim 24 if they answered No in 1, they would have a particular question about 24 in 2 and wonder about the relationship, but I cannot--I cannot tell for sure if that is the problem, but that is an additional problem that may come to light.

As a result of this discussion the Court answered the question as stipulated by the parties.

Approximately an hour later, the jury returned a verdict finding no infringement. Defendant now challenges the Court's answer on the basis that it misled the jury. This argument is meritless for two reasons. First, by stipulating to the answer plaintiff clearly waived any objection to it. Second, there is nothing to suggest that the jury was misled by the answer. It was instructed to answer the infringe-

ment question regardless of its finding on validity. Based upon this response and the infringement instruction provided by the Court it would have then determined whether each and every element of the claim was found in the accused device. It is not surprising that this determination could have been made quickly since the jury would already have interpreted the claims in the course of making its validity determination. Accordingly, the response to the jury's question provides no jurisdiction for a new trial.

Motion to Amend Judgment

Defendant's final motion is to amend the judgment to provide that only claims 11 and 24 of defendant's patent are invalid. The special verdict answered by the jury referred only to claims 11 and 24. Relying upon 35 U.S.C. § 282, defendant asserts that the remaining claims of its patent have not been found invalid and continue to be presumed valid. Ortho Pharmaceutical Corp. v. Smith, 959 F.2d 936, 942 (Fed. Cir. 1992). It is plaintiff's position, and was the Court's understanding, that the parties had stipulated that claims 11 and 24 were representative claims and the validity determination as to them resolved all other claims as well. Miles Laboratories, Inc. v. Shandon, Inc., 997 F.2d 870, 878-9 (Fed. Cir. 1993). Examining the facts and circumstances surrounding the issue the Court finds that the defendant did so stipulate, that claims 11 and 24 were representative claims and that all claims have therefore been found invalid.

The special verdict as originally provided to the parties listed each and every claim for the jury's consideration on the issue of validity. A conference was held to discuss the form of the special verdict prepared by the Court at the beginning of the fourth day of trial. The following discussion was had at the conference:

> The Court: Yesterday the Court distributed upon our adjournment the proposed special verdict, as well as the proposed amended substantive instructions. At this time the Court will call upon the parties to discuss their continuing concerns and/or objections. Ms. Welch, on behalf of the plaintiff?

Ms. Welch: With respect to the special verdict form, your Honor, we have no further objection except to restate that the object to the form of Question 1, of breaking out the claims.

The Court: The Court also wishes that it could resolve the matter in some other way, but its reading of the citations would suggest otherwise. The Court thought we could probably just do 11 and 24, quite frankly, but believe that neither party would be enamored with that idea, and --

Ms. Welch: Your Honor, we would accept that.

The Court: Defendant?

Mr. Carlson: That's for question number 1?

The Court: Yes.

Ms. Welch: Yes.

Mr. Carlson: All right. That would be all right.

The Court: Well, there has to be, as I understand it, a specific stipulation for so doing, and if that indeed is the stipulation, that was the Court's alternative which it had prepared and then it found this case in 1993 which says better not do that unless the parties stipulate, and if you stipulate, we can do it.

Mr. Cole: Plaintiff will so stipulate, your Honor.

Mr. Carlson: We would stipulate that paragraph 1 could only refer to 11 and 24.

The Court: So ordered.

As a result of this conference the special verdict was amended to refer only to claims 11 and 24. Defendant now contends that it had no intent to stipulate that 11 and 24 would be representative claims, it simply believed that plaintiff was no longer pursuing a finding of invalidity as to the dependent claims not listed.

The Court finds this argument untenable. There is no indication that plaintiff intended to abandon its claim for declaratory judgment as to all claims of the patent. If it had so determined it would not have required a stipulation from the defendant to pursue only the independent claims. Plaintiff could simply have said, "Your Honor, we no longer pursue a determination of invalidity as to the dependent claims." Accordingly, it would have been unusual to seek defendant's stipulation to such a request.

Furthermore, even if the defendant had believed this was the intent at the beginning of the discussion, it should have been alerted by the Court's express requirement of the stipulation and reference to case law requiring such a stipulation. The Court's reference to Miles Laboratories, while somewhat vague, must certainly have alerted defendant's counsel that the Court was contemplating the use of the independent claims as representative claims. At a minimum, defendant would have been moved to seek clarification as to whether the claims were treated as representative claims pursuant to the stipulation. Under the circumstances the Court finds without any question whatsoever that defendant's counsel shared the understanding of the Court and plaintiff's counsel that claims 11 and 24 were treated as representative of the remaining claims and so stipulated.

ORDER

IT IS ORDERED that the defendant's motions for judgment as a matter of law, for new trial, and to amend the judgment are DENIED.

Entered this 24th day of October, 1994.

BY THE COURT:

s/_____

JOHN C. SHABAZ

District Judge

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